

Inno-Gene S.A.

FV: PLN 10.40-PLN 15.50

Update

Rating: n.a.

Despite >13% higher sales (PLN 2m vs. PLN 1.8m in H1/14), Inno-Gene's EBIT (PLN -0.2m) and net income (PLN -0.1m) in H1/15 remained flat. The reasons were 89.5% higher D&A expenses y-o-y due to R&D activities and investments in the Polish sales team. We estimate that at the end of June 2015 the company's net cash amounted to PLN 1.8m.

Since our first report in Feb 2015, Inno-Gene has made several very positive announcements. Most importantly, in Sep 2015 the company announced a new 3-year strategy, which foresees the concentration on tests, which are conducted using the highly-efficient Next-Generation Sequencing (NGS) technology. IGN expects that by 2018 this will help it to double its market share in the rapidly-growing Polish market for diagnostic genetics (CAGR 15-18E of 36% to PLN 200m) from currently 6% to 12% and significantly improve margins. A few months earlier, IGN also announced that it would become the exclusive distributor of Premaita Health's NIPT test "IONA" in Poland, which is the only non-invasive prenatal test worldwide that is recognized as a medical exam with diagnostic value. Worldwide, Transparency Market Research and MarketsandMarkets expect the markets for NIPT and NGS-based tests to grow at a CAGR of 17.5% and 23.1% respectively (vs. 13.3% for the entire market for diagnostic genetics).

IGN is in the process of conducting a public offering of 1.3m new shares and wants to change to the main market of the WSE in Q1/16. The company plans to use the proceeds (EVRe: max. PLN 10.4m) mainly for developing new high-margin NGS-based tests (e.g. its own NIPT test), investments in equipment and financing its 36.5%/63.5% joint-venture with International Technology Ventures LLC, which owns exclusive rights to the use of Illumina's Whole Genome Sequencing (WGS) system HiSeq X Ten in Poland, that is currently the most advanced worldwide.

Due to the positive newsflow we have adjusted our estimates for IGN, which results in a new fair value range of PLN 10.40-PLN 15.50 per share based on three different scenarios (prev. PLN 4.10-PLN 5.30). While top line growth should be positively affected by new proprietary tests from 2016 and distribution agreements in Poland and abroad, we expect that the use of NGS and WGS technology will strongly improve the company's profitability going forward.

in PLNm	2013	2014	2015E	2016E	2017E	2018E
Net sales	3.50	4.49	4.86	6.82	11.31	17.25
EBITDA	-0.14	1.41	0.58	1.27	2.71	4.66
EBIT	-0.55	0.90	-0.44	0.10	1.36	3.10
Net income	-0.46	1.79	-0.28	0.23	1.26	2.69
EPS	-0.09	0.34	-0.05	0.04	0.19	0.41
DPS	0.00	0.00	0.00	0.00	0.00	0.00
Dividend yield	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
RoE	-47.45%	109.49%	-3.72%	1.79%	9.37%	17.40%
Net gearing	-73.71%	-47.76%	-82.11%	-66.16%	-64.94%	-65.88%
EV/Sales	10.85x	8.46x	7.81x	5.57x	3.36x	2.20x
EV/EBITDA	neg	26.97x	65.12x	29.92x	14.03x	8.16x
P/E	neg	27.00x	neg	265.45x	47.83x	22.45x

Company profile

Inno-Gene S.A. is a Polish leader in the area of diagnostic genetics. The company's strategy foresees a concentration on tests, which are conducted with the NGS technology.

Website	www.inno-gene.eu
Sector	Biotechnology
Country	Poland
ISIN	PLINNGN00015
Reuters	IGNP.WA
Bloomberg	IGN PW

Share information

Last price	9.30
Number of shares (m)	5.20
Market cap. (PLNm)	48.38
Market cap. (EURm)	11.45
52-weeks range	PLN 11 / PLN 2.85
Average volume	2,055

Performance

4-weeks	46.23%
13-weeks	-5.87%
26-weeks	78.85%
52-weeks	204.92%
YTD	138.46%

Shareholder structure

Jacek Wojciechowicz	48.41%
MOONROCK Enterprise S.A.	14.50%
PZU TFI	6.60%
Michal Obszanski	5.17%
Michal Kaszuba	0.97%
Free float	24.34%

Financial calendar

Q3 2015 results	November 16, 2015
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H1 2015 results

Revenues and Profitability

In H1/15, Inno-Gene's revenues increased by 13.2% y-o-y to PLN 2m. In our view, this resulted from the positive impact of the new sales team, which since January 2015 has acquired more than 100 new contracts in Poland.

in PLNm	H1/15	H1/14	change (%)
Net sales	1.98	1.75	13.2%
EBITDA	0.22	0.01	1458.5%
<i>EBITDA margin</i>	<i>11.0%</i>	<i>0.8%</i>	
EBIT	-0.22	-0.22	1.2%
<i>EBIT margin</i>	<i>-11.0%</i>	<i>-12.3%</i>	
Net income	-0.14	-0.13	12.6%
<i>Net margin</i>	<i>-7.3%</i>	<i>-7.3%</i>	

Source: Company information, East Value Research GmbH

The main reasons, why despite solid sales growth EBIT and net margin remained flat, were investments in the new sales team as well as 89.5% higher Depreciation & Amortization expenses relating to R&D activities.

in PLNm	Q1/14	Q2/14	Q3/14	Q4/14*	2014	Q1/15	Q2/15
Net sales	0.55	1.20	1.63	1.11	4.49	1.13	0.85
<i>y-o-y change</i>	<i>-32.3%</i>	<i>80.2%</i>	<i>148.2%</i>	<i>-52.8%</i>	<i>0.0%</i>	<i>104.4%</i>	<i>-75.6%</i>
EBITDA	-0.30	0.31	0.66	0.73	1.41	0.27	-0.05
<i>EBITDA margin</i>	<i>-53.6%</i>	<i>25.8%</i>	<i>40.6%</i>	<i>65.9%</i>	<i>31.4%</i>	<i>23.6%</i>	<i>-5.7%</i>
EBIT	-0.39	0.18	0.51	0.60	0.90	-0.01	-0.21
<i>EBIT margin</i>	<i>-71.4%</i>	<i>14.9%</i>	<i>31.5%</i>	<i>54.2%</i>	<i>20.0%</i>	<i>-0.9%</i>	<i>-24.4%</i>
Net income	-0.28	0.15	0.39	1.53	1.79	-0.01	-0.14
<i>Net margin</i>	<i>-50.4%</i>	<i>12.5%</i>	<i>24.2%</i>	<i>137.3%</i>	<i>39.9%</i>	<i>-0.7%</i>	<i>-16.0%</i>

* Q4/14 results were impacted by a one-off gain of PLN 769k from the sale of 100% in NewLab System Sp. Z.o.o

Source: Company information, East Value Research GmbH

Balance sheet and Cash flow

At the end of H1/15, Inno-Gene had equity of PLN 2.4m, which corresponded to a share in the balance sheet total of 12.3%. Working capital increased from PLN -2.2m last year to PLN -1.5m, which stemmed from much higher prepaid expenses that are related to IGN's R&D projects. Between January and June 2015, the company generated an operating cash flow of PLN 89k (H1/14: PLN -12k), while cash flow from investing and financing equaled PLN -243k (PLN -489k) and PLN 260k (PLN 159k) respectively. While we believe that interest-bearing debt remained neglectable, cash and short-term financial assets amounted to PLN 1.9m (PLN 507k) as of 30 June 2015.

Changes to our forecasts

Revenues and Profitability

In the recent months, Inno-Gene has made several announcements, which should positively impact both its top line growth and margins in the future. In mid-September, IGN published a new three-year strategy, which foresees a concentration on NGS-based tests that are supposed to help the company to improve margins significantly and double its market share in the rapidly-growing Polish market for diagnostic genetics (CAGR 15-18E of 36% to PLN 200m) from currently 6% to 12% by 2018. Few months earlier, the company announced a contract with UK-based Premaitha Health for exclusive distribution of Premaitha's IONA NIPT test (determines the risk that a child has the Down, Edwards or Patau syndrom) in Poland. The tests will be conducted in IGN's laboratory, which is the first one in Poland with authorization by the leading provider of testing devices Life Technologies Inc. In order to improve profitability in the future, IGN also decided to increase its stake in Vitainsilica Sp. z.o.o (from 20% to 52.8%; transaction value c. PLN 42k), which works on algorithms that automate the analysis of tests. MarketsandMarkets expect the global market for bioinformatics to grow at a CAGR of 20.9% to USD 13.3bn in 2020.

Another positive news was IGN's agreement with International Technology Ventures LLC (ITV). IGN will take over 36.5% of the shares in ITV's Polish subsidiary Central European Genomics Center, which holds exclusive rights to the use of Illumina's (one of the global leaders in the area of diagnostic genetics) HiSeq X Ten WGS system in Poland. WGS (Whole Genome Sequencing) is currently the most efficient technology for the analysis of genes and thus capable of supporting large scale population sequencing efforts.

We have assumed that the new agreements will make Inno-Gene's offer more interesting to both domestic and international customers (e.g. medical and veterinary clinics, pharmacy chains, research labs). Together with new proprietary tests (e.g. own high-margin NIPT test, which will be introduced on the market in 2016), they should help to accelerate the company's top line growth in the future. At the same time, profitability should be positively affected by an increasing share of more expensive and more profitable tests and diagnostic panels (e.g. oncological ones). Management expect that the share of high-margin NIPT and NGS-based tests in total sales will grow to 12% and 70% respectively by 2018.

In order to account for the new information, we have adjusted our forecasts in all three scenarios. Overall, we have increased the CAGR 14-23E of the average price per test from previously 5.1%-5.6% to 10.9% and the long-term EBIT margin from 9%-9.5% to >23%. The CAGR 14-23E of the number of sold tests now equals 23.1% (previously: 19.9%) for the Base Case scenario, 26.1% (21.4%) for the Optimistic scenario and 19.9% (18.2%) for the Pessimistic scenario.

However, we see additional potential upside stemming from two factors: (1) start of reimbursement of diagnostic genetic tests by the state-owned Polish health insurance NFZ and (2) the JV with International Technology Ventures as access to Illumina's HiSeq X Ten WGS system will allow Inno-Gene to collect large samples of patient's genetic data, which should constitute a very valuable source of information for large pharmaceutical companies.

Base Case scenario: Number of sold tests – CAGR 14-23E = 23.1%; Average price per test - CAGR 14-23E = 10.9%; Increase of the EBIT margin to >23% in the long run.

Base case scenario	2015E	2016E	2017E	2018E
Genetic diagnostic tests	4.86	6.82	11.31	17.25
<i>(change y-o-y)</i>	<i>8.3%</i>	<i>40.2%</i>	<i>65.9%</i>	<i>52.4%</i>
Gross margin	40.0%	40.5%	41.0%	41.5%
Units	14,098	17,649	26,142	35,579
Average price per unit	345	386	433	485
Total revenues	4.86	6.82	11.31	17.25
<i>(change y-o-y)</i>	<i>8.3%</i>	<i>40.2%</i>	<i>65.9%</i>	<i>52.4%</i>

Source: East Value Research GmbH

Optimistic scenario: Number of sold tests - CAGR 14-23E = 26.1%; Average price per test: CAGR 14-23E = 10.9%; Increase of the EBIT margin to >23% in the long run.

Optimistic scenario	2015E	2016E	2017E	2018E
Genetic diagnostic tests	4.86	7.98	13.25	20.23
<i>(change y-o-y)</i>	<i>8.3%</i>	<i>64.0%</i>	<i>66.1%</i>	<i>52.7%</i>
Gross margin	40.0%	40.6%	41.2%	41.8%
Units	14,098	20,648	30,621	41,737
Average price per unit	345	386	433	485
Total revenues	4.86	7.98	13.25	20.23
<i>(change y-o-y)</i>	<i>8.3%</i>	<i>64.0%</i>	<i>66.1%</i>	<i>52.7%</i>

Source: East Value Research GmbH

Pessimistic scenario: Number of sold tests - CAGR 14-23E = 19.9%; Average price per test - CAGR 14-23E = 10.9%; Increase of the EBIT margin to >23% in the long run.

Pessimistic scenario	2015E	2016E	2017E	2018E
Genetic diagnostic tests	4.86	5.96	9.81	14.85
<i>(change y-o-y)</i>	<i>8.3%</i>	<i>22.5%</i>	<i>64.6%</i>	<i>51.4%</i>
Gross margin	40.0%	40.4%	40.8%	41.2%
Units	14,098	15,414	22,658	30,634
Average price per unit	345	386	433	485
Total revenues	4.86	5.96	9.81	14.85
<i>(change y-o-y)</i>	<i>8.3%</i>	<i>22.5%</i>	<i>64.6%</i>	<i>51.4%</i>

Source: East Value Research GmbH

CAPEX and Working capital

We expect that Inno-Gene will invest the proceeds from the public offering in its 36.5% share in the JV with International Technology Ventures LLC (c. PLN 1.5m), new equipment (PLN 500-600k per year) and research and development activities, for which it will also use EU funds (so far, the company has been granted c. PLN 33m of EU subsidies). In our view, the share of gross CAPEX in total sales will amount to <7% in the long run, while working capital should equal >3%. In our view, the cash conversion cycle will remain at c. 30 days.

Valuation

Due to adjustments to our model we now see the fair value range for Inno-Gene's shares at PLN 10.40-PLN 15.50 (previously: PLN 4.10-PLN 5.30).

DCF model (Pessimistic scenario)

in PLNm	2015E	2016E	2017E	2018E	2019E	2020E	2021E	2022E	2023E		
Net sales	4.86	5.96	9.81	14.85	20.62	27.95	36.62	46.17	58.31		
(y-o-y change)	8.3%	22.5%	64.6%	51.4%	38.9%	35.5%	31.0%	26.1%	26.3%		
EBIT	-0.44	0.08	1.18	2.67	4.12	6.51	8.49	10.66	13.42		
(operating margin)	-9.0%	1.4%	12.0%	18.0%	20.0%	23.3%	23.2%	23.1%	23.0%		
NOPLAT	-0.35	0.07	0.95	2.16	3.34	5.27	6.88	8.64	10.87		
+ Depreciation & amortisation	1.02	1.17	1.35	1.55	1.79	2.05	2.36	2.72	3.12		
= Net operating cash flow	0.67	1.24	2.30	3.72	5.13	7.32	9.24	11.36	13.99		
- Total investments (Capex and WC)	-1.83	-3.12	-1.90	-2.20	-2.54	-3.00	-3.53	-4.11	-4.95		
Capital expenditure	-1.09	-2.81	-1.70	-1.98	-2.25	-2.62	-3.00	-3.40	-3.96		
Working capital	-0.75	-0.31	-0.20	-0.22	-0.28	-0.38	-0.53	-0.72	-0.99		
= Free cash flow (FCF)	-1.17	-1.88	0.40	1.52	2.59	4.32	5.71	7.24	9.04		
PV of FCFs	-1.13	-1.61	0.31	1.02	1.53	2.26	2.64	2.96	3.27		
PV of FCFs in explicit period	11.25										
PV of FCFs in terminal period	39.03										
Enterprise value (EV)	50.29										
+ Net cash / - net debt (31 December 2015)	10.38										
+ Investments / - minorities	-0.86										
Shareholder value	59.81										
Post-money number of shares (m)	6.50										
					Terminal EBIT margin						
WACC	13.1%				20.0%	21.0%	22.0%	23.0%	24.0%	25.0%	26.0%
Cost of equity	13.1%	9.1%	17.29	17.96	18.63	19.30	19.97	20.64	21.31		
Pre-tax cost of debt	10.0%	10.1%	14.48	15.01	15.55	16.08	16.62	17.15	17.69		
Normal tax rate	19.0%	11.1%	12.39	12.82	13.26	13.69	14.13	14.56	15.00		
After-tax cost of debt	8.1%	12.1%	10.77	11.13	11.49	11.85	12.21	12.58	12.94		
Share of equity	100.0%	13.1%	9.50	9.80	10.10	10.40	10.71	11.01	11.31		
Share of debt	0.0%	14.1%	8.47	8.73	8.98	9.24	9.49	9.75	10.00		
Fair value per share in PLN (today)	9.20	15.1%	7.62	7.84	8.06	8.28	8.50	8.72	8.93		
Fair value per share in PLN (in 12 months)	10.40										

Source: East Value Research GmbH

DCF model (Base Case scenario)

in PLNm	2015E	2016E	2017E	2018E	2019E	2020E	2021E	2022E	2023E			
Net sales	4.86	6.82	11.31	17.25	24.34	33.01	45.47	58.06	73.93			
(y-o-y change)	8.3%	40.2%	65.9%	52.4%	41.1%	35.6%	37.8%	27.7%	27.3%			
EBIT	-0.44	0.10	1.36	3.10	4.87	7.68	10.54	13.41	17.01			
(operating margin)	-9.0%	1.4%	12.0%	18.0%	20.0%	23.3%	23.2%	23.1%	23.0%			
NOPLAT	-0.35	0.08	1.10	2.51	3.94	6.22	8.54	10.86	13.78			
+ Depreciation & amortisation	1.02	1.17	1.35	1.55	1.79	2.05	2.36	2.72	3.12			
= Net operating cash flow	0.67	1.25	2.45	4.07	5.73	8.28	10.90	13.58	16.90			
- Total investments (Capex and WC)	-1.83	-3.15	-1.94	-2.26	-2.65	-3.14	-3.90	-4.48	-5.45			
Capital expenditure	-1.09	-2.87	-1.75	-2.04	-2.35	-2.71	-3.26	-3.60	-4.20			
Working capital	-0.75	-0.28	-0.19	-0.22	-0.30	-0.43	-0.64	-0.89	-1.26			
= Free cash flow (FCF)	-1.17	-1.90	0.51	1.81	3.08	5.14	7.00	9.10	11.45			
PV of FCFs	-1.13	-1.63	0.39	1.21	1.83	2.69	3.24	3.72	4.14			
PV of FCFs in explicit period	14.46											
PV of FCFs in terminal period	49.59											
Enterprise value (EV)	64.05											
+ Net cash / - net debt (31 December 2015)	10.38											
+ Investments / - minorities	-0.86											
Shareholder value	73.57											
Post-money number of shares (m)	6.50											
						Terminal EBIT margin						
WACC	13.1%					20.0%	21.0%	22.0%	23.0%	24.0%	25.0%	26.0%
Cost of equity	13.1%	9.1%	21.54	22.39	23.24	24.09	24.94	25.79	26.64			
Pre-tax cost of debt	10.0%	10.1%	17.97	18.65	19.33	20.00	20.68	21.36	22.04			
Normal tax rate	19.0%	11.1%	15.31	15.86	16.42	16.97	17.52	18.07	18.63			
After-tax cost of debt	8.1%	12.1%	13.27	13.72	14.18	14.64	15.10	15.55	16.01			
Share of equity	100.0%	13.1%	11.65	12.03	12.42	12.80	13.18	13.57	13.95			
Share of debt	0.0%	14.1%	10.35	10.67	11.00	11.32	11.64	11.97	12.29			
Fair value per share in PLN (today)	11.31	15.1%	9.28	9.55	9.83	10.11	10.38	10.66	10.94			
Fair value per share in PLN (in 12 months)	12.80											

Source: East Value Research GmbH

DCF model (Optimistic scenario)

in PLNm	2015E	2016E	2017E	2018E	2019E	2020E	2021E	2022E	2023E			
Net sales	4.86	7.98	13.25	20.23	28.84	39.23	54.72	70.82	91.53			
(y-o-y change)	8.3%	64.0%	66.1%	52.7%	42.6%	36.0%	39.5%	29.4%	29.2%			
EBIT	-0.44	0.11	1.59	3.64	5.77	9.13	12.69	16.36	21.06			
(operating margin)	-9.0%	1.4%	12.0%	18.0%	20.0%	23.3%	23.2%	23.1%	23.0%			
NOPLAT	-0.35	0.09	1.29	2.95	4.67	7.40	10.28	13.25	17.06			
+ Depreciation & amortisation	1.02	1.17	1.35	1.55	1.79	2.05	2.36	2.72	3.12			
= Net operating cash flow	0.67	1.27	2.64	4.50	6.46	9.45	12.64	15.97	20.18			
- Total investments (Capex and WC)	-1.83	-3.19	-1.98	-2.34	-2.77	-3.31	-4.21	-4.90	-6.07			
Capital expenditure	-1.09	-2.96	-1.80	-2.12	-2.45	-2.83	-3.47	-3.83	-4.51			
Working capital	-0.75	-0.23	-0.18	-0.22	-0.32	-0.48	-0.74	-1.07	-1.56			
= Free cash flow (FCF)	-1.17	-1.93	0.66	2.17	3.69	6.14	8.43	11.07	14.11			
PV of FCFs	-1.13	-1.65	0.50	1.45	2.18	3.22	3.90	4.53	5.10			
PV of FCFs in explicit period	18.10											
PV of FCFs in terminal period	61.49											
Enterprise value (EV)	79.59											
+ Net cash / - net debt (31 December 2015)	10.38											
+ Investments / - minorities	-0.86											
Shareholder value	89.10											
Post-money number of shares (m)	6.50											
						Terminal EBIT margin						
WACC	13.1%					20.0%	21.0%	22.0%	23.0%	24.0%	25.0%	26.0%
Cost of equity	13.1%	9.1%	26.33	27.38	28.43	29.48	30.54	31.59	32.64			
Pre-tax cost of debt	10.0%	10.1%	21.90	22.74	23.58	24.42	25.26	26.10	26.94			
Normal tax rate	19.0%	11.1%	18.61	19.30	19.98	20.66	21.35	22.03	22.72			
After-tax cost of debt	8.1%	12.1%	16.08	16.65	17.21	17.78	18.34	18.91	19.47			
Share of equity	100.0%	13.1%	14.08	14.55	15.03	15.50	15.98	16.45	16.92			
Share of debt	0.0%	14.1%	12.47	12.87	13.27	13.67	14.07	14.47	14.87			
Fair value per share in PLN (today)	13.70	15.1%	11.14	11.48	11.83	12.17	12.51	12.85	13.20			
Fair value per share in PLN (in 12 months)	15.50											

Source: East Value Research GmbH

Profit and loss statement

in PLNm	2013	2014	2015E	2016E	2017E	2018E
Revenues	3.50	4.49	4.86	6.82	11.31	17.25
Cost of goods sold	-2.61	-2.62	-2.92	-4.06	-6.67	-10.09
Gross profit	0.89	1.88	1.95	2.76	4.64	7.16
Other operating income	0.32	0.81	1.00	1.05	1.10	1.16
Personnel expenses	-0.81	-1.04	-1.85	-2.18	-2.38	-2.93
Other operating expenses	-0.54	-0.24	-0.51	-0.36	-0.66	-0.73
EBITDA	-0.14	1.41	0.58	1.27	2.71	4.66
Depreciation & amortisation	-0.41	-0.51	-1.02	-1.17	-1.35	-1.55
Operating income	-0.55	0.90	-0.44	0.10	1.36	3.10
Net financial result	-0.11	-0.17	-0.05	0.05	0.08	0.11
Gain/loss from sale of shareholdings	0.00	0.87	0.00	0.00	0.00	0.00
Write-downs	-0.02	-0.02	-0.01	0.00	0.00	0.00
EBT	-0.67	1.58	-0.50	0.15	1.44	3.21
Income taxes	-0.01	-0.03	0.09	-0.03	-0.27	-0.61
Minorities	0.22	0.24	0.12	0.11	0.10	0.09
Net income / loss	-0.46	1.79	-0.28	0.23	1.26	2.69
EPS	-0.09	0.34	-0.05	0.04	0.19	0.41
DPS	0.00	0.00	0.00	0.00	0.00	0.00
Share in total sales						
Revenues	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %
Cost of goods sold	-74.59 %	-58.25 %	-60.00 %	-59.50 %	-59.00 %	-58.50 %
Gross profit	25.41 %	41.75 %	40.00 %	40.50 %	41.00 %	41.50 %
Other operating income	9.02 %	18.09 %	20.56 %	15.40 %	9.75 %	6.71 %
Personnel expenses	-22.97 %	-23.05 %	-38.00 %	-32.00 %	-21.00 %	-17.00 %
Other operating expenses	-15.38 %	-5.42 %	-10.56 %	-5.27 %	-5.81 %	-4.20 %
EBITDA	-3.93 %	31.37 %	12.00 %	18.62 %	23.94 %	27.01 %
Depreciation & amortisation	-11.67 %	-11.32 %	-21.00 %	-17.22 %	-11.94 %	-9.01 %
Operating income	-15.59 %	20.05 %	-9.00 %	1.40 %	12.00 %	18.00 %
Net financial result	-3.21 %	-3.84 %	-1.03 %	0.73 %	0.71 %	0.64 %
Gain/loss from sale of shareholdings	0.00 %	19.34 %	0.00 %	0.00 %	0.00 %	0.00 %
Write-downs	-0.46 %	-0.36 %	-0.17 %	0.00 %	0.00 %	0.00 %
EBT	-19.26 %	35.19 %	-10.19 %	2.13 %	12.71 %	18.64 %
Income taxes	-0.35 %	-0.62 %	1.94 %	-0.41 %	-2.41 %	-3.54 %
Minorities	6.40 %	5.33 %	2.47 %	1.61 %	0.88 %	0.52 %
Net income / loss	-13.22 %	39.89 %	-5.79 %	3.34 %	11.18 %	15.62 %

Balance Sheet

in PLNm	2013	2014	2015E	2016E	2017E	2018E
Cash and equivalents	0.83	1.80	10.63	8.69	9.30	11.27
Financial assets	0.01	0.00	0.00	0.00	0.00	0.00
Inventories	0.61	0.30	0.33	0.45	0.73	1.09
Trade accounts and notes receivables	0.30	0.42	0.45	0.63	1.05	1.60
Other current assets	0.76	9.65	8.68	7.81	7.03	6.33
Current assets, total	2.53	12.17	20.10	17.59	18.12	20.29
Property, plant and equipment	2.66	3.31	3.36	3.41	3.46	3.51
Other intangible assets	0.67	0.36	0.38	0.52	0.85	1.28
Goodwill	0.02	0.01	0.00	0.00	0.00	0.00
Other assets	4.30	0.84	0.85	0.87	0.89	0.91
Long-term investments	0.01	0.01	0.01	1.51	1.53	1.54
Deferred tax assets	0.14	0.15	0.20	0.16	0.00	0.00
Non-current assets, total	7.81	4.66	4.80	6.47	6.72	7.23
Total assets	10.33	16.83	24.89	24.05	24.84	27.52
Trade payables	1.83	0.65	0.34	0.47	0.77	1.17
Other short-term liabilities	1.13	0.70	0.70	0.90	1.36	1.87
Short-term financial debt	0.19	0.32	0.20	0.10	0.00	0.00
Pension provisions	0.03	0.05	0.05	0.07	0.12	0.19
Provisions	0.04	0.02	0.02	0.03	0.06	0.09
Current liabilities, total	3.23	1.74	1.32	1.58	2.31	3.31
Long-term financial debt	0.07	0.23	0.00	0.00	0.00	0.00
Other long-term liabilities	5.02	11.29	9.96	8.78	7.75	6.83
Deferred tax liabilities	0.04	0.07	0.12	0.08	0.00	0.00
Long-term liabilities, total	5.12	11.59	10.08	8.86	7.75	6.83
Total liabilities	8.36	13.33	11.39	10.44	10.06	10.14
Shareholders equity, total	0.76	2.52	12.64	12.87	14.13	16.82
Minority interests	1.22	0.98	0.86	0.75	0.65	0.56
Total liabilities and equity	10.33	16.83	24.89	24.05	24.84	27.52

Cash Flow Statement

in PLNm	2013	2014	2015E	2016E	2017E	2018E
Net income / loss	-0.46	1.79	-0.28	0.23	1.26	2.69
Depreciation & amortisation	0.41	0.51	1.02	1.17	1.35	1.55
Change of working capital	-0.51	-0.13	-0.75	-0.28	-0.19	-0.22
Others	-0.04	-0.36	0.00	0.01	0.10	0.03
Net operating cash flow	-0.60	1.81	0.00	1.13	2.53	4.06
Cash flow from investing	-0.30	-0.97	-1.09	-2.87	-1.75	-2.04
Free cash flow	-0.90	0.84	-1.09	-1.74	0.78	2.02
Cash flow from financing	1.48	0.12	9.92	-0.21	-0.17	-0.04
Change of cash	0.58	0.97	8.83	-1.94	0.61	1.97
Cash at the beginning of the period	0.25	0.83	1.80	10.63	8.69	9.30
Cash at the end of the period	0.83	1.80	10.63	8.69	9.30	11.27

Financial ratios

Fiscal year	2013	2014	2015E	2016E	2017E	2018E	2019E	2020E
Profitability and balance sheet quality								
Gross margin	25.41%	41.75%	40.00%	40.50%	41.00%	41.50%	42.00%	42.50%
EBITDA margin	-3.93%	31.37%	12.00%	18.62%	23.94%	27.01%	27.34%	29.50%
EBIT margin	-15.59%	20.05%	-9.00%	1.40%	12.00%	18.00%	20.00%	23.28%
Net margin	-13.22%	39.89%	-5.79%	3.34%	11.18%	15.62%	16.99%	19.49%
Return on equity (ROE)	-47.45%	109.49%	-3.72%	1.79%	9.37%	17.40%	21.89%	26.60%
Return on assets (ROA)	-3.39%	11.68%	-0.93%	0.74%	4.77%	9.39%	12.55%	16.22%
Return on capital employed (ROCE)	-7.83%	5.87%	-1.50%	0.34%	4.88%	10.38%	14.35%	18.79%
Economic Value Added (in PLN)	-1.49	-1.10	-3.45	-2.88	-1.86	-0.67	0.33	1.87
Net debt (in PLNm)	-0.56	-1.20	-10.38	-8.51	-9.18	-11.08	-14.30	-19.60
Net gearing	-73.71%	-47.76%	-82.11%	-66.16%	-64.94%	-65.88%	-68.21%	-71.56%
Equity ratio	7.33%	14.95%	50.77%	53.49%	56.89%	61.13%	65.86%	70.93%
Current ratio	0.78	6.98	15.27	11.14	7.84	6.14	5.51	5.48
Quick ratio	0.35	1.27	8.42	5.90	4.48	3.89	3.86	4.19
Net interest cover	-4.86	5.22	-8.75	-1.91	-16.97	-28.22	-34.77	-45.20
Net debt/EBITDA	4.06	-0.85	-17.78	-6.70	-3.39	-2.38	-2.15	-2.01
Tangible BVPS	0.14	0.48	2.33	1.98	2.17	2.59	3.22	4.21
CAPEX/Sales	-5.23%	18.20%	22.34%	42.12%	15.43%	11.85%	9.64%	8.21%
Working capital/Sales	-180.14%	-50.76%	-31.53%	-18.40%	-9.40%	-4.91%	-2.25%	-0.37%
Cash Conversion Cycle (in days)	31	34	33	33	32	31	30	30
Trading multiples								
EV/Sales	10.85	8.46	7.81	5.57	3.36	2.20	1.56	1.15
EV/EBITDA	-276.28	26.97	65.12	29.92	14.03	8.16	5.71	3.90
EV/EBIT	-69.57	42.20	-86.82	398.07	27.99	12.24	7.81	4.95
P/Tangible BVPS	65.97	19.30	3.99	4.70	4.28	3.59	2.89	2.21
P/E	-104.44	27.00	-178.94	265.45	47.83	22.45	14.62	9.40
P/FCF	-53.82	57.31	-44.33	-27.83	61.96	24.01	14.61	8.97

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